

Message Text

UNCLASSIFIED

PAGE 01 MEXICO 02067 081457Z

44

ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 EA-10 /061 W

----- 091010

R 072054Z MAR 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6578

INFO AMCONSUL MONTERREY

UNCLAS MEXICO 2067

E.O. 11652: N/A

TAGS: EIND, EINV, ECRE, EMAE, ECON, XMB, MX

SUBJECT: EXPORT-IMPORT BANK FINANCING FOR MEXICAN STEEL
INDUSTRY EXPANSION

REF: MEXICO 10644 DEE. 20, 1974; MEXICO A-523 DEC. 7, 1974

PASS COMMERCE/SANDS/MEPD

1. DURING MARCH 4 MEETING WITH EDWARD J. O'CONNOR, VICE
PRESIDENT FOR LATIN AMERICA, EX-IM BANK, EMBASSY OFFICER, AND
JESUS MANUEL ESCUDERO, CHIEF, ADMINISTRATION AND FINANCE,
ALTOS HORNOS DE MEXICO (AHMSA), ESCUDERO EMPHASIZED IMPORTANCE
RECENT LIBERALIZATION OF EXIM LENDING POLICY (ANNOUNCED FE. 27,
1975) AS IT MAY APPLY TO AHMSA EXPANSION PLANS, ESCUDERO NOTED
MUCH HEAVY EQUIPMENT STILL MUST BE PURCHASED TO COMPLETE
SECOND STAGE EXPANSION FOR MONCLOVA COMPLEX AND STATED NEW
EXIM POLICY OFFERING IMPROVED FINANCING TERMS WILL PERMIT
AHMSA TO SEEK U.S. SUPPLIERS. ESCUDERO COMMENTED THAT AHMSA
PREFERS U.S. EQUIPMENT A BUT PAST EXIM TERMS COULD NOT MATCH
MORE GENEROUS EUROPEAN FINANCING. AHMSA TREASURER, FERNANDO
TURNER, PROVIDED EMBOFF WITH FOLLOWING DATA ON INTERNATIONAL
CREDITS AS EXAMPLE OF LENDING TERMS AHMSA CURRENTLY RECEIVING:

A. UNITED KINGDOM

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MEXICO 02067 081457Z

1). CREDIT AGREEMENT WITH BRANDTS LIMITED OF LONDON FOR U.S. \$120 MILLION. TERMS ARE 15 YEARS FOR REPAYMENT AT 6 O/O INTEREST WITH THREE AND ONE-HALF YEAR GRACE PERIOD.

2). CREDIT AGREEMENT WITH BRANDTS LIMITED OF LONDON FOR U.S.\$50.4 MILLION. TERMS ARE 15 YEARS FOR REPLAYMENT AT 7 1/2 O/O INTEREST (90 O/O FOR IMPORTED EQUIPMENT AND 15 O/O FOR LOCAL COSTS).

B. JAPAN

1). NO INDIVIDUAL CONTRACT DATA. LOAN TERMS ARE 15 YEARS FOR REPAYMENT AT 7 O/O INTEREST (90 O/O FOR IMPORTED EQUIPMENT AND 15 O/O FOR LOCAL COSTS).

C. FRANCE

1). FRENCH CURRENTLY NEGOTIATING CREDIT PACKAGE OF US\$8.5 MILLION AT 7 1/2 O/O INTEREST FOR PERIOD OF 10-12 YEARS.

2. TURNER ESTIMATED US\$160 MILLION FOR MONCLOVA SECOND STAGE STILL UNCOMMITTED; 50 O/O OR US\$80 MILLION EARMARKED SOLELY FOR EQUIPMENT PURCHASES. REMAINING 50 O/O REFLECTS LOCAL CONSTRUCTION, IMPORT COSTS AND PRICE INCREASES.

3. COMMENT: AHMSA OFFICIALS OBVIOUSLY GENUINELY PLEASED AT PROSPECT OF MORE LIBERAL EXIM TERMS. THIS FACT, COUPLED WITH KNOWN AHMSA PREFERENCE FOR US EQUIPMENT, INDICATES SUBSTANTIAL ADDITIONAL U.S. SALES OPPORTUNITES IN AN AREA THAT PREVIOUSLY SEEMED PREEMPTED BY FOREIGN SUPPLIERS. EMBASSY SEEKING DETAILED BREAKDOWN OF REMAINING EQUIPMENT NEEDS AND WILL FORWARD LIST WHEN AVAILABLE.

JOVA

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT AGREEMENTS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO02067
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750082-0533
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750372/aaaacnao.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 MEXICO 10644, 75 DE20, 75 1974, 75 MEXICO A-523, 75 DE7, 75 1974
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAY 2003 by RuthemTJ>; APPROVED <26 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT-IMPORT BANK FINANCING FOR MEXICAN STEEL INDUSTRY EXPANSION
TAGS: EIND, EINV, ECRE, EMAE, ECON, MX, US, XMB, ALTOS HONDROS DE MEXICO (AHMSA), (O'CONNOR, EDWARD J), (ESCUDERO, JESUS MANUEL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006